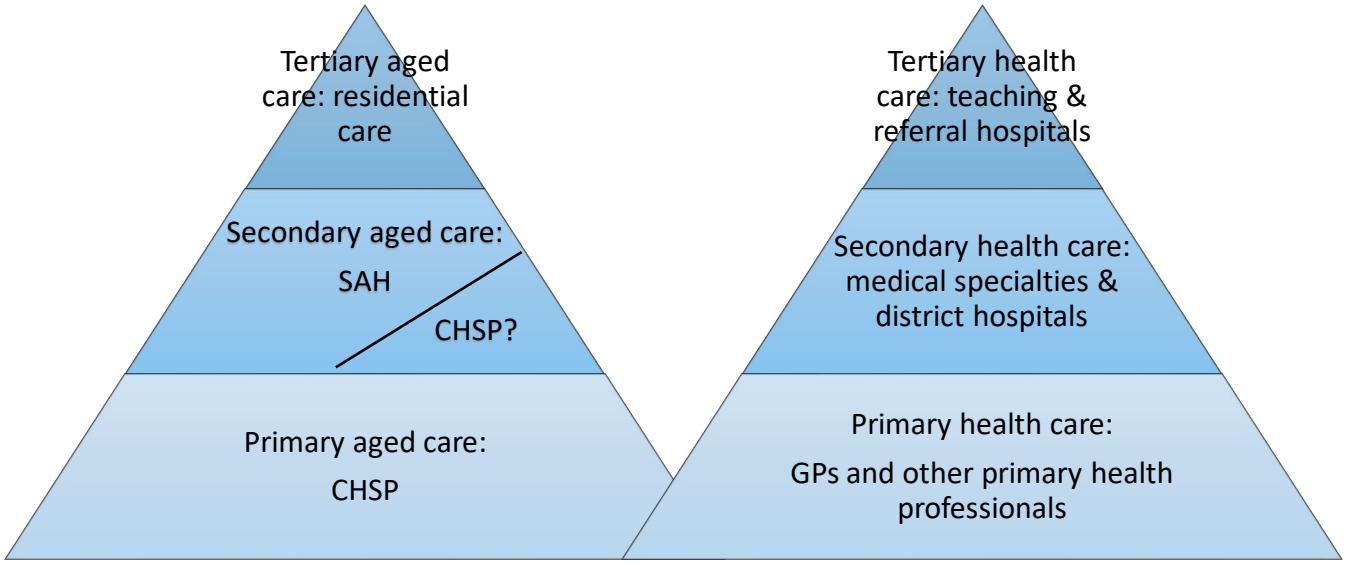
CHSP Alliance Position Statement on paying for primary aged care: the case for Primary Aged Care to have its own consumer co-payment policy (May 2026)

The Commonwealth Home Support Program (CHSP) Alliance (the Alliance) is an alliance of organisations and individuals committed to advocating for the continuation, expansion and sustainability of CHSP. We argue that the CHSP should be embraced and developed to provide foundational support for older people needing care and operate as the primary tier of the aged care system. As the primary care tier, CHSP has a critical role in enabling older people to age in place, where desirable, relieving pressure from the more complex and expensive tiers of care provided to those with higher levels of need.

Our vision for how the whole system fits together is set out in this diagram:

Figure 1 Overall schema of the aged and health care systems



One of the reasons that has been given for the proposal to fold CHSP into the Support at Home (SAH) program is that there should be fee equalisation between CHSP and SAH. The argument is that older people are choosing to remain in CHSP (and not go to Support at Home) because SAH fees are too high. The proposed solution is to increase CHSP fees to match SAH.

The purpose of this position statement is to refute that argument.

Options for government

The CHSP Alliance believes that, on most issues, aged care should be considered as a whole system. However, some issues are best addressed on a tier by tier basis. Co-payments are one of those issues. This is because each tier has different goals, service delivery systems and cost structures.

Without a wholesale redesign of aged care financing (which may well be required), the government has three broad options for CHSP fees. One option is to adopt fee equalisation as a policy and increase CHSP fees to match SAH fees. This position statement sets out the reason why government should reject that option.

Another option is to adopt fee equalisation as a policy and decrease SAH fees to match CHSP fees. This is a legitimate option but is beyond the scope of this position statement which is solely concerned with CHSP and its development into Australia's national primary aged care program. Further, the SAH fee policy is new, has recently been amended, and information on its effectiveness and impacts on users has yet to be collected and reviewed.

The third option, and the one we support, is to reject fee equalisation across the three aged care tiers. The sensible policy position within the current system is that government adopts a different policy approach to co-payments for each tier on the basis that each tier has different goals, service delivery systems and cost structures.

How fees work now

The government provides CHSP providers with funding grants that barely cover costs. CHSP providers charge fees which form additional revenue for the provider and are used to break even. But CHSP providers have discretion to waive or adjust fees on a person-by-person basis and they often do so.

SAH fees are designed to reduce the level of the government subsidy. The person is assigned to a SAH funding level and that level is inclusive of the means-tested co-payments the person is charged. While providers are required to collect the fees (and carry any bad debts), they have no discretion over fees and no right of waiver. SAH clinical services attract no co-payments with personal care being classified as clinical from October 2026.

Residential aged care fees consist of different elements that separately cover elements such as accommodation, daily living and care and there are different rules and contribution rates for each element.

There is a lifetime cap on fees that covers residential care and SAH. CHSP recipients and CHSP fees are specifically excluded from the lifetime cap provisions.

CHSP Alliance position

The CHSP Alliance supports the right of older people living at home to choose the program that best meets their needs, and we acknowledge that consumer co-payments are a factor. However, consumer co-payments are only one of several considerations. In choosing the program that will best meet their needs, older people will consider many other factors including relationships with existing service providers, perceptions of 'choice and control', the range and quantum of services that the person and their carer needs and local service availability.

The CHSP Alliance rejects outright the suggestion that CHSP fees should be increased to match SAH. Our reasons are set out below.

Arguments against increasing CHSP fees to match SAH fees

Policy reasons to reject increasing CHSP fees to match SAH fees

The focus of the government in recent reforms has been on improving the technical efficiency of the aged care system and reducing costs to government[1]. A central feature of these recent changes has been significant increases in consumer fees and charges in both residential aged care and in SAH. The government argument has been that these increases are essential to make the aged care system more sustainable going forward.

With those changes in place, it is now time for the government to turn its attention to improving the allocative and dynamic efficiency of the system as well.[2, 3] The CHSP Alliance contends that developing a strong and financially accessible primary aged care service is central to any consideration of how to improve the allocative and dynamic efficiency of the Australian aged care system as a whole.

At the system level, keeping CHSP affordable supports early intervention and helps reduce avoidable pressure on nurses, care workers, hospitals, and residential aged care. This is essential to reduce total health and aged care expenditure and to improve the allocative efficiency and the sustainability of the aged care system.

Improving the *allocative efficiency* of the aged care system depends on CHSP becoming a strong and financially accessible primary aged care tier that focuses on prevention, early intervention and community support for healthy ageing in place. Without a strong and financially accessible primary aged care tier, the aged care system will become even more inefficient from an allocative perspective and will become even less sustainable going forward.

Grant funding in combination with affordable co-payments also creates the right funding environment for a *dynamically efficient* primary aged care system. This is because it allows for the funding of innovative services models, group and community level interventions and nimble services responses that are able to surge up and down in response to changing needs. These services do not lend themselves to a rigid system of fees and charges.

Equity reasons to reject increasing CHSP fees to match SAH fees

CHSP has established expertise and credibility in working with at risk people and underserved groups including First Nations communities, people who do not speak English, people with specific

[1] **Technical efficiency**: delivering services at the lowest possible cost. In the context of aged care reforms, delivering services at the lowest possible cost to government.
[2] **Allocative efficiency**: delivering the mix of services that provide the highest value for available resources.
[3] **Dynamic efficiency**: creating a service environment that encourages innovation, that facilitates nimble responses to needs and that develops better models of care to respond to changing community needs.

cultural needs and older homeless people. Increasing CHSP fees would disenfranchise many thousands of marginalised and disadvantaged older Australians with diverse needs.

Being a transactional fee for service system, SAH is structurally more expensive per output and per hour than services delivered by CHSP services. A further factor is that CHSP is built on, and depends on, a veritable army of volunteers. This is a fundamental distinction between CHSP and Support at Home. Volunteers are critical to CHSP although they are not a substitute for properly funded, trained and fairly-paid aged care workers. The structural reality is that SAH is a more inefficient program than CHSP and is therefore more expensive to deliver.

The equity question is simply this: why should people who need CHSP services be punished with higher fees because SAH is a structurally inefficient program?

Practical reasons to reject increasing CHSP fees to match SAH fees

The co-payment model adopted for SAH is expensive to administer at both the government and provider level. This is reflected in the massive increase in public servants and aged care administrative staff who have had to be employed to administer the new SAH system which still has less than 400,000 receiving SAH services.

If the government were to adopt the same approach to the 850,000 people who receive CHSP a year, the administrative costs would be considerable at two levels:

Services Australia

The fees charged for SAH require Services Australia to means-test everyone who is not a full pensioner on a person by person basis. There are more people receiving CHSP than are receiving SAH and residential aged care combined. This would require a significant increase in Services Australia staffing and costs to means-test a population who access services with an average cost of less than $4,000 a year. It is simply not cost effective to do this.

CHSP providers

There are 1,300 CHSP providers in Australia. Many are small and targeted to local community needs. While some also deliver SAH, the majority do not. Funding grants to CHSP providers would need to massively increase to give them the capacity to manage the SAH fee system at their end.

Conclusion

The CHSP Alliance recommends that the government reject the idea of increasing CHSP fees to match SAH fees. CHSP fees policies should be based on the goals, service delivery systems and cost structures of CHSP primary aged care without reference to fees being paid at the other two aged care tiers.